

Required Report - public distribution

**Date:** 5/24/2004

**GAIN Report Number:** VM4030

# Vietnam

## Grain and Feed

### May Rice Update

### 2004

**Approved by:**

Henry Schmick  
U.S. Embassy

**Prepared by:**

Bui Thi Huong/Tran Quan/Truong Minh Dao

---

**Report Highlights:** Vietnam's 2004 rice production is revised up due to the bigger Summer-Autumn rice crop. Prices of Vietnam's rice (both domestic and export prices) are at high level due to tight exportable rice supplies. Vietnam's Ministry of Trade is working on a more flexible rice management mechanism. Trade data for Vietnam's rice exports in the first quarter of 2004 and revised rice PS&D table are also included.

---

Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Hanoi [VM1]  
[VM]

**TABLE OF CONTENTS**

<b>PRODUCTION</b> .....	<b>3</b>
2004's Winter-Spring (W-S) rice crop .....	3
The 2004's Summer-Autunm (S-A) rice .....	3
Table 1: Vietnam Rough Rice Area, Yield and Production (Revised April, 2004) .....	3
Domestic prices.....	4
Export prices .....	4
<b>EXPORTS</b> .....	<b>4</b>
Table 2: Vietnam's 2004 first quarter rice exports by grades and destinations .....	5
Vietnam won a bid to export 100 tmt of 25% broken rice to the Philippines .....	6
Rice exporters asked to sign additional contracts of 1.1-1.2 mmt .....	6
Vietnam's 2004 rice exports .....	6
Table 3: Vietnam Rice PS&D table .....	6
<b>POLICY</b> .....	<b>7</b>

## PRODUCTION

### 2004's Winter-Spring (W-S) rice crop

According to the Ministry of Agricultural and Rural Development (MARD), farmers in the Mekong River Delta (MRD) completed the harvest of W-S rice in April. Reportedly, farmers had a bumper W-S crop. The W-S rice production in the MRD is estimated at 8,250 tmt.

The W-S rice is being harvested in other regions. In Northern provinces, farmers will harvest the W-S rice in a month.

### The 2004's Summer-Autumn (S-A) rice

Vietnam's 2004 S-A rice area is estimated at 2,260 tha. The 2004's S-A rice area in the MRD, around 1,850-1,860 tha, is expected to be at the same level (or slightly lower) than the 2003's S-A crop level as some S-A land is switched to grow other crops or shrimp.

Post revises Vietnam's 2004 S-A rice area to 2,260 tha from previous estimate of 2,250 tha due to larger S-A rice planted than previous estimate. The S-A crop yield is revised up to 3.89 mt/ha because of expected higher crop yields due to better inputs as the result of good domestic paddy prices.

Although farmers in the MRD are harvesting early S-A rice, the main harvest of the S-A crop will be in late June-July.

Post slightly revises Vietnam's 2004 rice production 32,329 thousand metric tons (tmt) from the previous estimate of 32,200 tmt (see table 1) due to larger Summer-Autumn (S-A) rice crop area and production.

**Table 1: Vietnam Rough Rice Area, Yield and Production (Revised April, 2004)**

	2002		2003		2004	
Harvested Area (tha)	Old	New	Old	New	Old	New
Lua Mua (10th month)	2,243	2,243	2,170	2,170	2,103	2,103
Winter-Spring	3,004	3,004	3,000	3,000	2,995	2,995
Summer-Autumn	2,092	2,224	2,235	2,300	2,250	2,260
<b>TOTAL</b>	<b>7,339</b>	<b>7,471</b>	<b>7,405</b>	<b>7,470</b>	<b>7,348</b>	<b>7,358</b>
Yield (mt/ha)						
Lua Mua (10th Month)	3.58	3.58	3.74	3.74	3.73	3.73
Winter-Spring	5.19	5.19	5.20	5.20	5.24	5.24
Summer-Autumn	3.68	3.71	3.85	3.87	3.85	3.89
<b>TOTAL</b>	<b>4.27</b>	<b>4.27</b>	<b>4.36</b>	<b>4.37</b>	<b>4.38</b>	<b>4.39</b>
Production (tmt)						
Lua Mua (10th Month)	8,030	8,030	8,116	8,116	7,844	7,844
Winter-Spring	15,591	15,591	15,600	15,600	15,694	15,694
Summer-Autumn	7,699	8,251	8,605	8,901	8,663	8,791

<b>TOTAL</b>	<b>31,319</b>	<b>31,872</b>	<b>32,321</b>	<b>32,617</b>	<b>32,200</b>	<b>32,329</b>
--------------	---------------	---------------	---------------	---------------	---------------	---------------

**PRICES** Exchange rate VND 15,750 equal to \$1 as of May 20

### **Domestic prices**

**In the North:** in late April and early May, paddy prices in most Northern provinces slightly increased by VND 100/kg or were stable at VND 2,600-2,800. Prices of ordinary rice are quoted at VND 3,800-4,000/kg.

New rice supply from the Winter-Spring rice crop will be available in a month.

### **In the Mekong River Delta**

In contrast to previous years, prices of the 2004 Winter-Spring (W-S) paddy in the Mekong River Delta (MRD) kept increasing from beginning of the crop harvest. Current prices of the W-S rice are quoted at VND 2,300-2,350 compared with the prices quoted in February of VND 1,900-2,100/kg.

In general, prices of the W-S rice in the MRD often declined at the crop's peak-harvest. Based on this experience, Vietnam's traders signed a lot of rice export contracts for delivery in March-April at low prices (\$180-185/mt). They are now complaining about losses due to continuously raising domestic and export prices (roughly \$200-225/mt).

According to traders, prices of the coming Summer-Autumn rice will also be high due to more expensive input use (higher fertilizer and fuel prices). Domestic price of the S-A rice will be not lower than VND 1,600-1,650/kg.

### **Export prices**

Export prices of Vietnam's rice will be stable at high levels, at least until late June or July when the S-A rice crop will be at peak harvest.

The recently won tender to ship 100 tmt of 25% broken rice to the Philippines has had little impact on Viet prices due to small quantity.

## **EXPORTS**

### **Vietnam's January-March rice exports.**

Vietnam's rice exports in the first quarter of 2004 are estimated at 800 tmt, about 4% less than rice exported in the same period of last year.

Asia was the biggest region that took more than 61% of the total rice export. Iraq was the biggest in the period, it imported around 200 tmt or 21% of the total Vietnam's rice exports. Other top Vietnam's rice importers include Malaysia, the Philippines, Indonesia and Singapore.

Vietnam's January-March rice exports to African countries were estimated at 161 tmt, or about 20% of the total exported volume (see table 2)

**Table 2: Vietnam's 2004 first quarter rice exports by grades and destinations**

	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
<b>ASIA</b>	<b>274,753</b>	<b>39,056</b>	<b>43,520</b>	<b>111,544</b>		<b>9,888</b>	<b>4,924</b>	<b>7,820</b>	<b>491,505</b>
<b>In which:</b>			8,100	1,600					9,700
<b>Indonesia</b>									
<b>Philippines</b>			2,050	68,580					70,630
<b>Malaysia</b>	30,815	3,300	16,150	33,700		9,408	3,554	1,020	97,947
<b>Singapore</b>	11,940	6,218	6,520	7,208		480	120	600	33,086
<b>East Timor</b>		48		456					504
<b>Iraq</b>	180,750	25,000							205,750
<b>Iran</b>	31,000								31,000
<b>Syria</b>									-
<b>Yemen</b>									-
<b>North Korea</b>									-
<b>Japan</b>	15,000		10,700						25,700
<b>Cambodia</b>									-
<b>Hongkong</b>									-
<b>others</b>	5,248	4,490					1,250	6,200	17,188
<b>AFRICA</b>	<b>47,750</b>	<b>5,000</b>	<b>16,000</b>	<b>38,500</b>	<b>52,000</b>		<b>2,000</b>		<b>161,250</b>
<b>In which:</b>	2,700	500	8,600	880					12,680
<b>Tanzania</b>									
<b>Senegal</b>					29,000				29,000
<b>Angola</b>	10,750								10,750
<b>Rwanda</b>			500	250					750
<b>Ghana</b>	13,000		2,000						15,000
<b>Uganda</b>			1,640						
<b>Ivory coast</b>	14,390			15,800					
<b>Reunion</b>									
<b>west africa</b>				3,000	3,350				
<b>Mozambiq</b>				3,300					
<b>Yemen</b>	6,910								
<b>Kenya</b>			1,500						
<b>congo</b>			525						
<b>others</b>		4,500	1,235	15,270	19,650		2,000		42,655
<b>EUROPE and CIS</b>	<b>30,000</b>	<b>25,766</b>	<b>2,000</b>	<b>6,500</b>					<b>64,266</b>
<b>In which:</b>	30,000	13,766							43,766
<b>Russia</b>									
<b>Ukraine</b>		5,000	2,000						7,000
<b>Poland</b>		7,000		6,500					13,500
<b>others</b>									-
<b>AMERICAS</b>				<b>79,700</b>					<b>79,700</b>
<b>In which:</b>				79,700					79,700
<b>Cuba</b>									
<b>Brasil</b>									-
<b>AUSTRALIA</b>	<b>1,000</b>						<b>588</b>		<b>1,588</b>
<b>UNKNOWN</b>								<b>3,200</b>	<b>3,200</b>
<b>TOTAL</b>	<b>353,503</b>	<b>69,822</b>	<b>61,520</b>	<b>236,244</b>	<b>52,000</b>	<b>9,888</b>	<b>7,512</b>	<b>11,020</b>	<b>801,509</b>

Source: Traders

Vietnam's April rice exports jumped as rice traders had to fulfill their signed contracts. April exports were estimated at 600 tmt. Africa and Asia remained the largest rice importers of Vietnam. Each continental imported around 35-36% of the total rice shipped in April.

Vietnam's January-April rice exports is estimated at 1.4 million metric tons (mmt) excluding rice exported to China through border gates. No official data on rice exports to China is available but traders estimate Vietnam's rice exports to China in the February-April period at 200-250 tmt.

Vietnam's rice exports to China started in late February 2004 in un-official channel. Traders buy rice from the MRD and ship it to China by small vessels of 1,000-2,000 mt/shipment. Rice sold to China was often low quality rice (20-25% broken rice with high moisture content of 16-17%). At beginning March, for better control of rice export to China and to balance domestic rice supplies, the Government of Vietnam asked local authorities (market control agencies and customs offices at border gate) to implement tight control of tax collection on rice exports to China. Vietnam sees China as a rice market therefore the exporters must sign export contracts before delivery of rice. Some reports were quoted as saying that, since middle April, Vietnam rice exports to China were slowing down as rice traders faced losses if they export rice to China by official ways.

In May, some Vietnamese rice is still going to China. According to a trader, on GOV firm is shipping 5% broken rice to China at \$250/mt CIF at China's Phong Thanh port (near to the border). Reportedly, two Chinese border provinces should need to import around 50,000 mt of rice from Vietnam in May.

### **Vietnam won a bid to export 100 tmt of 25% broken rice to the Philippines**

In early May 2004, Vietnam participated in a rice tender of 190 tmt by the Government of Philippines and won a portion of 100 tmt of 25% broken rice. The won rice amount is allocated to seven rice exporters of which 70 tmt to Vinafood 2 and 5,000 mt to each of the remaining companies including Dong Thap Food, Vinh Long food, Long An food Co., Tourimex An Giang, An Giang Import-Export and Afiex An Giang.

### **Rice exporters asked to sign additional contracts of 1.1-1.2 mmt**

According to Vietnam's Ministry of Trade, as of April 30, out of 2.4 mmt rice signed, Vietnam's rice exports were estimated at 1.68 mmt. The May and June rice exports are estimated at 300 tmt and 200 tmt respectively.

To achieve the Ministry of Trade's target to export 3.5-3.6 mmt in 2004, rice exporters should sign additional contracts of 1.2 mmt for delivery in the last months of 2004.

### **Vietnam's 2004 rice exports**

The Ministry of Agricultural and Rural Development (MARD), was quoted as saying that, Vietnam will be able to ship 3.5-3.7 million metric ton (mmt) of rice in 2004.

In April, the ministry carried out a survey on rice stock in the MRD's key rice producing provinces. According to the ministry, although rice stocks held farmers were not plentiful, rice traders and exporters have kept enough rice in their warehouses. The ministry reported that, Vietnam has sufficient exportable rice supplies to ship between 3.5-3.7 mmt of rice in 2004.

Post keeps the estimate of Vietnam's 2004 rice exports at 3.5 mmt (see table Vietnam rice PS&D table).

**Table 3: Vietnam Rice PS&D table**

Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA	Post	USDA	Post	USDA	Post

	Official [Old]	Estimate [New]	Official [Old]	Estimate [New]	Official [Old]	Estimate [New]
<b>Market Year Begin</b>		01/2002		01/2003		01/2004
Area Harvested	7471	7471	7470	7407	7358	7358
Beginning Stocks	2962	843	3493	1168	3465	1025
Milled Production	21036	21035	21527	21527	21337	21337
Rough Production	31873	31871	32617	32617	32329	32329
MILLING RATE (.9999)	6600	6600	6600	6600	6600	6600
TOTAL Imports	40	20	40	0	40	20
Jan-Dec Imports	40	20	40	0	40	20
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	24038	21898	25060	22695	24842	22382
TOTAL Exports	3245	3230	3795	3870	3750	3500
Jan-Dec Exports	3245	3230	3795	3870	3750	3500
TOTAL Dom. Consumption	17300	17500	17800	17800	18200	17850
Ending Stocks	3493	1168	3465	1025	2892	1032
TOTAL DISTRIBUTION	24038	21898	25060	22695	24842	22382

## POLICY

### Quota on rice exports and fertilizer imports to be eliminated

The MOT is working on amending Article 6 of Vietnam's Import-Export Management Mechanism for the 2001-2005 period. Accordingly, the quota for rice exports and fertilizer imports will be eliminated. Enterprises from any economic sector can participate in rice export and fertilizer import regardless whether their trading licenses include that sector or not. In case of Government-to-Government sale, Vietnam Food Association (Vietfood) will recommend capable rice exporters to the MOT or designate rice exporters for participating in the programs.

The MOT urged rice traders and exporters to analyze information on rice market carefully. The Ministry also proposes a regulation requiring all rice exporters to report their signed rice quantity and prices to the Ministry. Any rice exporter's license will be withdrawn if they make false declaration on their rice export documents.